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Memorandum

TO: MAYOR CHUCK REED**FROM:** Councilmember Nora Campos**SUBJECT:** BUDGET DOCUMENT**DATE:** October 5, 2010

Approved

Date

10/5/2010

RECOMMENDATION

That the following recommendation be enacted.

BACKGROUND**New Expenditure/Reinstatement**Program/Project Title: **ACE Charter School**RDA Project Area: **Strong Neighborhoods Initiative/ Mayfair - Neighborhood Priorities**Amount of Agency Funding Required: **\$950,000**

The construction of ACE Charter School was identified by the Mayfair SNI NAC as a top priority for their community. In order for ACE to move forward with the shovel-ready project in the Mayfair community, the funding must be appropriated in the FY 2010-2011 Budget.

In the Agency's Adopted FY 2009-2010 Budget, \$950,000 was appropriated for this project in FY 2010-2011. The proposed shift of funds to FY 2012-2013 will negatively impact the construction of the ACE Charter School which will serve 470 students. For ACE to successfully operate in San Jose, it must build a campus by August 2012. Due to a number of interconnecting factors, ACE must have the RDA funds appropriated and set aside in an escrow account by December 2010. Potential lenders will not be willing to begin the underwriting process without firm evidence that the ACE equity has been formally approved and placed in an escrow account. In order to move forward and complete the shovel-ready project by August 2012, ACE must begin spending in April 2011. ACE has an agreement with the Agency that ensures that none of the \$950,000 from RDA will be expended until the entire project is fully financed.

Maintaining the funding as adopted in FY 2009-2010 will not impact proposed expenditures in the Proposed FY 2010-11 Revised Capital Budget and Three-Year Spending Plan. This action will maintain the funding for this project in FY 2010-2011, rather than shifting the funds to FY 2012-2013, essentially eliminating the project.

This project will create jobs for engineering, design, construction, and many more.

Funding Source

Program/Project Title: **Capital Reserves (Ending Fund Balance)**

Amount of Agency Funding Change: **\$950,000**

This change is: X One-time Ongoing

Maintaining the funding in the 2010-2011 Budget does not impact any other proposed expenditures. The proposed budget shifts the money allocated for this project to FY 2012-2013, making the project unrealistic and forcing ACE Charter School to potentially close their doors to the families they serve. The Proposed FY 2010-2011 Capital Reserves (End Fund Balance) will decrease from \$18,232,320 to \$17,282,320.

Anticipated Outcomes

Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc. in accordance with one of the following goals and objectives relevant to the City's redevelopment efforts:

- ☒ Create Jobs and Expand Business
- ☒ Build Public Facilities
- ☒ Strong Neighborhoods Initiative and Affordable Housing